



Foreign Agricultural Service

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## Mexico

### Agricultural Situation

## Mexico's Weekly Highlights & Hot Bites, July/1 1999

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**Report Highlights: Summaries of recent Mexican press articles and other developments including:**

- Mexico Is Producing and Exporting Blackberries
  - Forest Subsidies for 1999
  - Mexico's Wine Industry Surviving
  - Organic Agriculture Reaches 50,000 Hectares in Mexico and recent FAS/Mexico reports.
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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico ATO [MX2], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

## **MEXICO IS PRODUCING AND EXPORTING BLACKBERRIES**

A local newspaper reported that the state of Morelos is doing good business exporting blackberries. According to the article, the Secretariat of Rural Development for Morelos announced that approximately 200 MT of blackberries are produced annually, of which roughly 45 tons are destined for the domestic market, and 150 tons for the export market. Europe, Japan and the United States are the primary markets for Mexican blackberries. The demand for this fruit is generating income of more than U.S. \$4 million for the 200 or so families who are producers. According to the Secretariat, the production of blackberries in Morelos has contributed to a reduction of peasant migration. Other states in Mexico that produce blackberries are Michoacan, the State of Mexico, Oaxaca, and Puebla. (Source: El Financiero; 6/28/99)

## **FOREST SUBSIDIES FOR 1999**

On July 28, 1999, the Mexican Secretariat for the Environment, Natural Resources and Fishing (SEMARNAP) announced the Operational Rules for the Forestall Development Program, PRODEFOR (see MX7103 and MX8124), in the Mexican Federal Register (Diario Oficial). Essentially, PRODEFOR is oriented toward common lands and their communities ("ejidatarios"). In order to improve technical handling and conservation practices of the forestall resources, PRODEFOR contributes capital to invest in and support the following activities: 1) cover the payment of technical services and the furnishing of programs for forestall handling; 2) promotion of handling practices to increase productivity (such as pre clearing and pruning); 3) development of infrastructure for roads in forestall areas; 4) forest fire and plague fighting activities; and 5) reforestation projects. The Government of Mexico will have a budget of approximately U.S.\$17.2 million for this program in 1999, if the state governments contribute their approximate 30 percent of the total allocation. (Source: Diario Oficial; 6/28/99)

## **MEXICO'S WINE INDUSTRY SURVIVING**

In a supplement describing the Mexican wine industry, a local newspaper outlined wine making, economics, and marketing of the industry. When Mexico joined the GATT in 1986, many imported wines started entering the country at lower prices than domestically produced wines. Consequently, the Mexican wine industry went through a tough readjustment period--of the 86 companies operating in 1986, only nine remain today. The companies that survived were those who, besides producing table wines, also manufactured brandy, sherry and similar products. These companies also decided to produce better quality wines and market them in Europe. The strongest companies are: Casa Pedro Domecq, L.A. Cetto, Chateau Camu, Santo Tomás, and Monte Xanic. According to the National Association of Wine Producers, wine production in Mexico is a long term business where investment is recuperated in a 12 year term. One hectare of grapes in Baja California costs between U.S. \$5,000 - U.S. \$15,000. Each plant has a cost of U.S. \$3 to U.S. \$5. Approximately 1,500 - 5,500 grape plants

are generally planted, per hectare. (Source: Reforma; 6/30/99)

## **ORGANIC AGRICULTURE REACHES 50,000 HECTARES IN MEXICO**

A recent report by Banamex, a large Mexican bank, stated that organic agricultural production has reached 50,000 hectares. Of these, 30,000 are in coffee while the rest are dedicated to apples, beans, vanilla and a wide array of other products that sell for premium prices in export markets. Although total acreage dedicated to organic farming in Mexico is relatively small, it is continually augmented due to the high demand for these kinds of products in developed countries. The report considered it indispensable that Mexico plan its development of organic agriculture to capture the benefits of this growth sector. It highlighted the need for research and extension services for organic farmers and also suggested that there should be government aid and financial incentives for farmers interested in converting to organic techniques.

Agricultural business experts from Banamex said that those involved in organic farming and who sell to foreign markets are in a very attractive financial niche. They foresee that in the long-run, countries will arrive at a consensus to accept certification agencies and criteria that will harmonize quality and production standards on a world-wide scale. (Source: El Financiero; 6/29/99)

## **RECENT REPORTS SENT BY FAS/MEXICO**

Report#	Title	Date Sent
MX9079	Mexico's Weekly Highlights & Hot Bites, June/4	06/24/1999
MX9080	Mexico Amends Modification to Live Hog Imports	06/25/1999

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## **USEFUL MEXICAN WEB SITES**

Mexico's equivalent of the Department of Agriculture (SAGAR) can be found at [www.sagar.gob.mx](http://www.sagar.gob.mx) and Mexico's equivalent of the Department of Commerce (SECOFI) can be found at [www.secofi.gob.mx](http://www.secofi.gob.mx). These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.